



January 21, 2004

Board of Governors of the Federal Reserve System  
Jennifer J. Johnson, Secretary  
20<sup>th</sup> Street and Constitution Avenue N.W.  
Washington, D.C. 20551

Subject: Docket No. R-1171

Dear Ms. Johnson:

Boeing Employees' Credit Union (BECU) appreciates the opportunity to comment on the proposed amendments to Regulation DD. BECU is a state-chartered federally insured credit union with assets of \$4.7 billion and a membership base of over 350,000.

As a credit union, we do not have to comply with Regulation DD. However, our regulator, NCUA, has issued a similar law – Truth in Savings. We admire the Federal Reserve Board's effort, however we do not believe this would be beneficial to the consumers or financial institutions. These are our concerns:

The regulations are written in a manner that is not reasonably understandable. Asking financial institutions to write their disclosures in plain language is asking financial institutions to do what the regulators themselves could not do. The requirements for plain language, large typeface, wide margins and ample line spacing on all disclosures (ads, account disclosures, etc.) will force financial institutions to revise nearly every disclosure. The disadvantages to consumers and financial institutions will include many federal disclosures competing for prominence within documents, while contractual terms, state regulation and industry rules are delegated to a secondary position with the potential of being ignored by consumers. Consumers may be overwhelmed and intimidated by the amount of paper or information being provided to them. We recommend instead the use of a "uniform standard" for determining what is "clear and conspicuous," and using a "reasonable standard" based upon the particular subject and reason of notice provided to the member.

In our opinion, financial institutions face challenges with providing all the required disclosures and contractual terms to consumers in a manner that is as clear as possible while balancing the needs of consumers to deal with fewer documents, less signatures and less follow-up. The greatest percentage of financial institutions want to ensure all terms and disclosures are provided in a manner that the consumer understands and agrees to, appreciates the relationship and returns to their financial institutions for future financial opportunities.

Consistency among these rules will not necessarily facilitate compliance by institutions. Currently, institutions must provide "clear and conspicuous" disclosures to consumers – based upon the institutions' understanding of "clear and conspicuous". Such unilateral determination by each institution is appropriate because the institution is in the best position to determine by what means will the member best understand the particular disclosure, policy change, or terms and conditions of services.

In our opinion, terms and conditions, for example, are provided to consumers in font type less than 8-point type. In our opinion, to provide all of the necessary written documents associated with consumer services in 12-point font type would be enormously burdensome on the financial institution and the consumers by their receipt of such vast amount of paper.

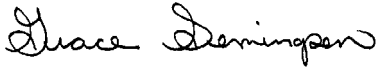
We would also like to comment on the spirit of the Paper Reduction Act of 1995. We recommend to continue the paperwork reduction for consumers, ensure the greatest possible consumer benefit from, and maximize the utility of information created, collected, maintained, used, and disseminated by us. We would like to minimize the cost to our membership of the creation, maintenance, use and dissemination of information. Accordingly, we believe that the proposed uniform standard would create a burden which, far outweighs the benefit for our consumers and would impede our goal of providing the best service possible to our members.

Thank you for the opportunity to respond to the proposal. We look forward to the final outcome.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary J. Oakland". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Gary J. Oakland  
President and CEO

A handwritten signature in black ink, appearing to read "Grace Semingsen". The signature is cursive and somewhat stylized, with a large initial "G".

Grace Semingsen  
Vice President of Member Services